



March 19, 2026

INTERAGENCY AGREEMENT

BETWEEN

U.S. DEPARTMENT OF THE TREASURY

AND

U.S. DEPARTMENT OF EDUCATION

INTERAGENCY AGREEMENT FOR THE PROCUREMENT OF SERVICES FOR THE FEDERAL STUDENT ASSISTANCE PROGRAMS

I. Purpose of Agreement

The signatory agencies (Parties) enter into this Interagency Agreement (Agreement) and commit to utilizing available statutory authorities to promote innovation and process improvements in pursuit of more effective federal student aid administration. This Agreement sets forth the roles and responsibilities of the U.S. Department of the Treasury (Treasury), or its successors or assigns, and the U.S. Department of Education (Education), or its successors or assigns, during an arrangement through which Treasury, through the procurement of services, will: (1) service Federal Student Aid's (FSA) defaulted federally-held student loan debts through the existing Cross-Servicing program; (2) assume operational responsibility over FSA's non-defaulted federally held student loan debts to the extent practicable, including servicing of such debt; and, (3) review FSA's general administrative functions regarding student eligibility and institution eligibility, oversight, and enforcement for participation in federal student assistance programs authorized under the Higher Education Act of 1965 (HEA), as amended. Education has determined that it is in the best interest of the United States and more convenient, pursuant to 31 U.S.C. § 1535, to contract with Treasury for certain services because Treasury employees are better positioned to perform these activities, which include regular government functions that may not be readily procurable under the Federal Acquisition Regulations, subpart 7.5.

The Agreement provides for a three-phase approach.

During the first phase, Treasury will revoke its exemption for referral of defaulted student loan collections to Education and carry out default collections through integration of FSA's Default Resolution Group (DRG) with its existing Cross-Servicing program.

During the second phase, Treasury will assume responsibility for administrative operations for servicing of Education's non-defaulted debt, to the extent practicable, following Treasury's assessment of the portfolio and its operations.

The third phase envisions Treasury reviewing the programmatic and policy requirements that govern the eligibility for students to receive federal student financial assistance, including but not limited to the administration of the Free Application for Federal Student Aid and eligibility for institutions of higher education to gain and retain eligibility for federal student financial assistance, including but not limited to origination of loans, oversight, and enforcement activities.

This Agreement provides an initial outline of roles and responsibilities that will be executed in accordance with the first phase of the plan agreed to by Treasury and Education with an emphasis on defaulted loan collections. Activities outlined in the plan will include clarifying any activities that may occur prior to full revocation of Education's Cross-Servicing exemption. This Agreement may be modified from time to time to ensure the parties are aligned in support of Treasury and Education's strategic goals for the federal student loan portfolio. The Agreement may be modified to include the roles and responsibilities related to the second phase of the plan

agreed to by Treasury and Education with an emphasis on servicing the performing and delinquent loan portfolios, and the third phase of the plan agreed to by Treasury and Education with an emphasis on general administrative functions.

II. Background

A. Authority

This Agreement is executed by Treasury and Education under authority of 31 U.S.C. § 1535, which authorizes agencies to acquire goods and services from other agencies where amounts are available, the head of the ordering unit assesses that such an order is in the best interests of the U.S. government, the recipient of the order is capable of meeting the need, and the head of the agency determines that said goods and services cannot be provided as cheaply or conveniently by contracting with a commercial enterprise.

Additionally, the portion of this Agreement to service certain federally held student loan debts is being entered into pursuant to 31 U.S.C. § 3711(g). Federal agencies are generally required to refer unexempted nontax debts that have been delinquent for 180 days to Fiscal Service's Cross-Servicing program. 31 U.S.C. § 3711(g)(1)(A). Upon referral, Fiscal Service is generally required to take appropriate action to collect those debts. 31 U.S.C. § 3711(g)(1)(B). At their discretion, agencies may refer eligible but exempted debt to the Cross-Servicing program. 31 U.S.C. § 3711(g)(2)(B).

Various laws govern the collection of federal nontax debts, including specifically student loan debts. With regard to the collection of debts through Administrative Wage Garnishment (AWG), applicable authorities include 31 U.S.C. § 3720D, 20 U.S.C. § 1095a, 20 U.S.C. § 1087gg, 31 CFR 285.11, and 34 CFR part 34. With regard to the collection of debts through the use of private collection agencies (PCAs), applicable authorities include 31 U.S.C. § 3718. With regard to the collection of debts through offset, applicable authorities include 31 U.S.C. §§ 3716, 3720A, 26 U.S.C. § 6402, and 31 CFR Part 285, subpart A.

B. Cross-Servicing Program - First Phase

The Treasury Cross-Servicing program uses a variety of tools to collect federal nontax debts, including sending demand letters, calling debtors, offsetting payments through the Treasury Offset Program (TOP), referring debts to private collection agencies, reporting debts to credit bureaus, administratively garnishing debtors' wages, and referring debt to the Department of Justice (DOJ) for enforced collection. The Cross-Servicing program will use only the tools authorized by Education, as specified in the Cross-Servicing Agency Profile(s) and in Section VI of this Agreement, Division of Responsibilities.

General authorities applicable to the Cross-Servicing program include 31 U.S.C. § 3711(g), 31 CFR 285.12, and I TFM 3-5000.

C. Exemption Revocation - First Phase

Under 31 U.S.C. § 3711(g)(2)(B), Treasury may exempt certain classes of debt from the Cross-Servicing referral requirement. On May 11, 2001, Treasury granted Education's request for an exemption for delinquent and defaulted student loans assigned to and/or otherwise held by Education. This exempted Education from the requirement to refer defaulted debts to Treasury but does not preclude discretionary referral. Education may refer exempted debts to Cross-Servicing, if agreed to by Treasury. Treasury may, in its discretion, withdraw the exemption at any time. 31 U.S.C. § 3711(g)(2)(B); I TFM 3-5280; 31 CFR 285.12(d)(5).

Through this Agreement, Treasury agrees that FSA will refer certain student loan debts to Fiscal Service's Cross-Servicing program at its discretion and with approval from Treasury. Education understands that it is Treasury's intent to revoke the existing exemption once full operational capacity has been reached. Treasury acknowledges that, notwithstanding other debt collection authorities, the HEA provides that student loans default no sooner than: (1) 270 days of nonpayment for loans which are repayable in monthly installments, or (2) 330 days in the case of a loan which is repayable in less frequent installments. 20 U.S.C. § 1085(l).

D. Defaulted Student Loan Debts - First Phase

Student loan debts held by Education arise under Title IV, parts B, D, and E of the HEA. For a student loan made under the Direct Loan and Federal Family Education Loan programs held by Education, the loan is considered to be in default if the debtor fails to make scheduled payments for at least 270 days. 20 U.S.C. § 1085(l). Upon default, the entire loan balance becomes accelerated and immediately due. *See* 34 CFR 685.211(d)

E. Default Resolution Group - First Phase

The DRG is a unit of FSA that assists borrowers with federal student loans in default, helping them to resolve their debts and regain good standing. The DRG is responsible for collecting defaulted federally held student loans. When a borrower defaults (after 270 days of missed payments), his or her loan is transferred to the DRG for collection efforts. The DRG provides options for borrowers to resolve their default status, including voluntary collections such as loan rehabilitation, loan consolidation, and involuntary collections such as TOP and AWG. Rehabilitation involves making nine on-time payments to remove the default from the borrower's credit report, while consolidation allows borrowers to combine their loans into a new loan. Both methods enable the borrower to get out of default.

The DRG operates and maintains the Default Management and Collections System (DMCS), the collections platform that is used to manage and collect defaulted federally held student loans. It serves nearly six million student and parent borrowers with a current outstanding loan value of over \$120 billion. The DMCS includes processes for servicing student and parent borrowers in default, managing collections, and providing support for those who have defaulted on their loans. It is currently managed by the DRG vendor.

F. Non-Defaulted Loan Debts - Second Phase

Federal student loan servicers are the primary contact point for borrowers who have Federal Direct Loans and assist student and parent borrowers who are in repayment on their Federal Direct Loans by handling general billing and payment processes, answering questions, and working with borrowers to identify and enroll in the repayment plan that best meets their unique and individual financial situations. The current loan servicers under contract with Education through its Unified Servicing and Data Solution (USDS) contract are agents of the federal government and perform all services required under their agreements such as effectively communicating with borrowers, including the operation of call-centers capable of handling significant volume; collecting payments, processing refunds, and enrolling borrowers in repayment plans; and reporting on-time and delinquent payments to the credit reporting agencies.

G. General Administrative Functions – Third Phase

FSA is responsible for managing the administrative and oversight functions supporting all federal financial aid programs authorized under Title IV of the HEA, including Pell Grants, the Federal Direct Loan Program, the Federal Family Education Loan Program, the Perkins Loan Program, and campus-based aid programs such as Federal Work Study and the Supplemental Educational Opportunity Grant Program. FSA's core activities consist of: (1) Informing students and families about the availability of federal student aid programs and the process for applying for and receiving aid from multiple programs; (2) Developing the Free Application for Federal Student Aid (FAFSA) form and processing more than 17.6 million forms each year; (3) Disbursing, reconciling, and accounting for all federal student aid funds that are delivered to students each year through more than 5,300 colleges and universities; (4) Managing the outstanding federal student loan portfolio and securing repayment from federal student loan borrowers, primarily through contracts with federal student loan servicers; and (5) Providing oversight and monitoring of all program participants – institutions of higher education and third-party financial entities – to ensure compliance with the laws, regulations, and policies governing federal student aid programs.

III. Funding

Pursuant to 31 U.S.C § 1535 and 31 § U.S.C 3711(g) and subject to the availability of appropriations, Education will make payments to Treasury for the procurement of services as necessary to cover the costs of the activities described in this Agreement related to administration of federal student assistance programs, except where the described activities are specifically identified as the responsibility of Education, in an amount to be agreed upon by both parties. Because this transaction could implicate both the Student Aid Administration discretionary administrative appropriation and mandatory credit reform subsidy, both agencies will work with the Office of Management and Budget to ensure that apportionments are correctly updated *before* obligations are made against either appropriation.

Treasury may charge a federal agency a fee for the costs it incurs when servicing or collecting the agency's nontax debts under 31 U.S.C. § 3711(g). The fee Treasury charges agencies must be sufficient to cover its full costs. For agencies that do not charge debtors for all such costs, those agencies must pay Treasury's fees out of an available appropriation.

Given the complexity of the appropriations and authorities provided to both Education and Treasury, prior to the initiation of any work under this agreement, the agencies will work with OMB to validate that funds are available and obligated. Education understands that Treasury will not commence or continue work in the absence of appropriate funding under this agreement. The agencies will revisit the fee and funding structure regularly to ensure appropriations continue to be available to cover the cost of services under this agreement.

Transfers of funds will generally be by means of an Intra-Government Payment and Collection (IPAC) system, or other appropriate mechanism, when agreed to by all Parties in writing.

As the provider of funds for the activities carried out pursuant to this Agreement, Education will initiate the IPAC. As the receiver of transferred funds, Treasury will provide Education with regular performance updates on a cadence agreed to by the parties that detail all work performed to date for the related project. Additionally, at least quarterly, the Parties will reconcile balances related to revenue and expenses for work performed under the Agreement. Issues arising during this reconciliation process must be brought to the attention of all Parties in writing. Resolution of the reconciliation process issues must be documented in writing within 30 calendar days of the written notice of the issue. No funds are obligated by this Agreement; the Interagency Agreement's 7600B obligates the funds described and authorized herein. Education agrees to make payment to Treasury, in the form of lump sum payments to support the services described in this Agreement that Treasury is providing to Education. In the event Education is operating on a partial year appropriation—such as a continuing resolution—Education may make pro-rated payments relative to funding available.

Costs FSA Directs Fiscal Service to Charge to Debtor – First Phase

FSA incurs various costs as a result of its efforts to collect student loan debt. Such costs include, but are not limited to, the fees Fiscal Service charges pursuant to this Agreement and the costs of the employees and contractors working for FSA.

FSA is authorized to charge student loan debtors amounts to cover reasonable collection costs. 20 U.S.C. §§ 1091a(b)(1), 1087e(d)(5), 1087gg(a)(2). This may include costs related to any reasonable fees that Fiscal Service may charge FSA for its Cross-Servicing services or for collections generated through TOP.

In each respective Cross-Servicing Agency Profile, FSA will authorize Fiscal Service to assess as costs on student loan debtors that have been referred to the Cross-Servicing program any reasonable amounts that Fiscal Service charges FSA under 31 U.S.C. §§ 3711(g)(6), 3716(c)(4), 3720A(d); 31 C.F.R. §§ 285.2(h), 285.4(g), 285.7(j), 285.12(j), and 901.9(c), (f).

Alternatively, if FSA's costs (including the amounts charged to FSA by Fiscal Service) exceed the amounts that FSA would like to have assessed on student loan debtors, FSA will provide appropriate instructions in each respective Cross-Servicing Agency Profile. FSA will be responsible for covering the full costs of collection as provided in the fee schedule, subject to appropriations.

IV. Scope of Services

A. Treasury Cross-Servicing for Defaulted Loan Debts – First Phase

Treasury will develop a plan, in coordination with Education, to refer all eligible federally held student loan debts to Cross-Servicing. This plan will take into consideration operational capacities of the Default Resolution Group, existing Education contracts and resources, and Fiscal Service, including whether Fiscal Service has procured the services of private collection agencies for the student loan portfolio. Education will fully support Treasury's efforts to gain familiarity with the defaulted student loan portfolio and the associated servicing requirements. The Default Resolution Group will refer defaulted federally held student loan debts to the Cross-Servicing program in accordance with this plan. Treasury will coordinate with Education to determine whether any federally held student loan debts and related classes of debts can be immediately referred to Cross-Servicing under Treasury's pilot capabilities.

B. Treasury Administration of Education's Default Resolution Group Functions – First Phase

To the extent allowed by law, Treasury will assume operational responsibilities for Education's Default Resolution Group, and will commit resources to provide oversight, direction, and planning as quickly as practicable. This will allow Treasury to more completely provide administrative operations for defaulted loans in the role of the Defaulted Resolution Group for the purposes of the Cross-Servicing operation (see attachment 1). Treasury will coordinate with Education to determine the future state of these functions and develop a plan to migrate these responsibilities more permanently under Treasury's debt collection authority as part of the process to fully and completely revoke Education's cross-servicing exemption.

C. Treasury Administration of Servicing of Non-Default Student Loan Debts – Second Phase

During the second phase of this Agreement, to the extent practicable, Treasury will assume operational responsibilities for Education's functions regarding the servicing of non-default student loan debt, including debts in repayment and early and late stages of delinquency.

Prior to the execution of this section, Treasury will identify legal, operational, system, contractual, and policy challenges and opportunities related to the servicing of non-default student loan debts. Treasury will coordinate with Education, and in consultation with the Domestic Policy Council and the Office of Management and Budget, to determine the future state of these functions and develop a plan to migrate these responsibilities as appropriate under Treasury. Treasury will commit resources to provide oversight, direction, and planning during this process and Education will fully support Treasury's efforts.

D. Treasury Review of General Administrative Functions of FSA – Third Phase

During the third phase of this Agreement, Treasury will review the programmatic and policy requirements that govern the eligibility for students to receive federal student financial assistance

and eligibility for institutions of higher education to gain and retain eligibility for federal student financial assistance, including but not limited to oversight and enforcement activities. The review will include the legal, operational, system, contractual, and policy challenges and opportunities related to general administrative functions. Treasury will commit resources to conduct a comprehensive review of such functions and Education will fully support Treasury's efforts.

V. Data Sharing

Education shall provide Treasury with access to student loan data reasonably necessary to: assess the federal student loan portfolio as part of its investigation and servicing work and perform default collection activities. The exact terms, systems integrations, and security protocols shall be addressed in the data sharing arrangement attached to this Agreement.

VI. Outsourcing and Resources

Treasury may perform the work specified in this Agreement through its own employees, through the employees or agents of one or more contractors or subcontractors (including private collection agencies), or through the use of one or more financial or fiscal agents.

Education may perform the work specified in this Agreement through its own employees or through the employees of one or more contractors or subcontractors or agents.

Education acknowledges that Treasury intends to revoke the existing Cross-Servicing exemption with regard to defaulted student loan debts and, as such, agrees to refrain from procuring any resources with regard to servicing the defaulted student loan portfolio other than those needed for Education to fulfill the responsibilities set forth in this Agreement and only after consulting with Treasury. Education's agreement to refrain is conditioned upon Treasury adhering to mutually agreed-upon timelines to ensure that defaulted loans are serviced appropriately and in a timely manner.

VII. Security and Privacy

FSA's system of records notice, published in the Federal Register on July 27, 2023, at 88 FR 48449, permits the disclosure of information about student loan debts to Fiscal Service for collection purposes, including but not limited to collection through AWG, offset, and referral to PCAs.

Fiscal Service's system of records notice .012, published in the Federal Register on February 27, 2020, at 85 Fed. Reg. 11793, as amended, covers debts referred to the Cross-Servicing program.

Fiscal Service and FSA will comply with all Federal requirements relating to information security, information systems security, and privacy, including the Federal Information and Security Management Act, the E-Government Act of 2002, the Privacy Act of 1974, the Family Educational Rights and Privacy Act, 20 U.S.C. § 1087e, 26 U.S.C. § 6103(l)(13), and NIST SP 800-53 and NIST SP 800-37.

VIII. General Provisions

A. Effective Date

This Agreement is effective as of the date of the last signature and will remain in effect until terminated by the Parties. All Parties will review this Agreement periodically and modify it as necessary and appropriate.

B. Modification

Any modifications to this Agreement must be agreed upon in writing by both Parties.

C. Termination/Severability

This Agreement may be terminated upon 90 calendar days advance written Agreement by both Parties. Upon termination, the Parties may collect costs incurred prior to cancellation of the Agreement plus any reasonable termination costs, provided that such costs do not exceed the total amount obligated on the Form 7600B. A judicial determination that any provision of this Agreement is unenforceable shall not affect the enforceability of any other provision.

D. Liability/Indemnification

Each party to this Agreement shall be responsible for any liability arising from its own conduct and retain immunity and all defenses available pursuant to federal law. Neither party agrees to insure, defend, or indemnify the other party.

Each party to this Agreement shall cooperate with the other party in the investigation/resolution of administrative actions and litigation arising from conduct related to the responsibilities and procedures addressed herein.

E. Anti-Deficiency Act

Nothing contained herein shall be construed to authorize actions that violate the Anti-Deficiency Act, 31 U.S.C. § 1341, including by obligating the Parties to any expenditure or obligation of funds in excess or in advance of appropriations.

F. Resolution Mechanism

Should disagreements arise on the interpretation of the provisions of this Agreement or amendments and/or revisions thereto, that cannot be resolved at the operating level, the area(s) of disagreement shall be stated in writing by each party and presented to the other party for consideration. If agreement or interpretation is not reached within 30 days, the Parties shall forward the written presentation of disagreement to OMB for appropriate resolution.

G. Effect of Agreement

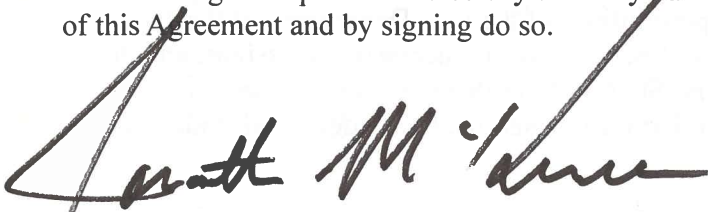
This Agreement is not intended to confer any right upon any person. Nothing in this Agreement shall be interpreted as limiting, superseding, or otherwise affecting either party's normal operations or decisions in carrying out its statutory or regulatory duties.

H. Disclaimer

Treasury will not accept responsibility for reimbursement of late fees or other costs incurred due to the negligence of a servicing agency in complying with its obligations to third party contractors.

Approved:

The undersigned represent and certify that they have authority to bind their agency to the terms of this Agreement and by signing do so.



Jonathan McKernan
Under Secretary for Domestic Finance
U.S. Department of the Treasury



Nicholas Kent
Under Secretary of Education
Delegated to Perform the Duties of the Deputy Secretary
U.S. Department of Education

Attachment 1 TO THE INTERAGENCY AGREEMENT BETWEEN THE U.S. DEPARTMENT OF EDUCATION AND THE U.S. DEPARTMENT OF THE TREASURY

I. Generally

This Attachment sets forth the roles and responsibilities of the U.S. Department of the Treasury (Treasury), Bureau of the Fiscal Service (Fiscal Service), or its successors or assigns, and the Department of Education (Education), Federal Student Aid (FSA), or its successors or assigns, during an arrangement through which Fiscal Service will service FSA's defaulted student loan debts through the Cross-Servicing program.

To the extent legally authorized, FSA may procure services from Treasury to operate its Default Resolution Group to administer its responsibilities regarding the servicing of defaulted student loan debts. Such outsourcing may be made to one or more contractors, federal agencies, or other entities.

II. Definitions

For purposes of this Attachment, the following terms have the following definitions:

Administrative resolution (AR) is a determination that a debt should no longer be collected within the Cross-Servicing program because of: (1) the death of the debtor; (2) the debtor's total inability to pay; (3) a bankruptcy filed by the debtor or impacting the collection of the debt; (4) the debtor's total and permanent disability; (5) the application or approval of a borrower defense; (6) the application of a forgiveness process; or (7) litigation challenging the validity of the debt where Education determines the debt should not be collected upon. A determination to administratively resolve a debt is limited to the Cross-Servicing program and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by a debtor.

Administrative wage garnishment (AWG) process refers to any stage of the AWG process, starting from when the notice of intent to commence AWG proceedings (NOI) letter is sent to the debtor, and including when a hearing request is received and processed, a hearing decision is released, and an AWG order is issued, through when the AWG order is terminated.

Borrower defense is a defense to repayment and legal grounds for discharge of debts arising from Direct Loans and includes certain situations where a school engaged in certain misconduct. 34 CFR 685.206.

Certification Agreement is the Agreement to Certify Federal Nontax Debts for the Centralized Receivables Service, the Cross-Servicing Program, and the Treasury Offset Program, which is signed annually, specifying facts to which Education certifies when referring debts to the Cross-Servicing program. The Certification Agreement was last signed by Rhonda Shaffer, Chief Financial Officer, Federal Student Aid, on December 9, 2025.

Consolidation is a method of debt refinancing that involves taking out one loan to pay off others.

Cross-Servicing Agency Profile is a form that Education completes to provide information to Fiscal Service about its student loan debts, including, among other things, relevant statutory and regulatory authorities, general descriptions of each type of student loan debt, and contact

information for Education's personnel who are available to assist Fiscal Service with questions related to the transferred debt. The agency profile form also requires Education to specify what collection tools Fiscal Service may use on its behalf.

The Default Resolution Group (DRG) is a unit of Federal Student Aid (FSA) that assists borrowers with federal student loans in default, helping them to resolve their debts and regain good standing. The DRG is responsible for collecting defaulted federal student loans.

Federal salary offset (FSO) is the offset of federal salary payments under 5 U.S.C. § 5514 and 31 CFR 285.7.

Involuntary collection refers to actions that result in the collection of funds from a debtor without the debtor's consent and includes offsets through the Treasury Offset Program (TOP) and AWG. Involuntary collection action does not include credit bureau reporting, collection calls, demand letters, or the negotiation of repayment agreements (including rehabilitation agreements, consolidation agreements, a compromise agreement, and other agreements to repay a student loan debt).

Notice of intent (NOI) letter is a letter sent to a debtor prior to the initiation of AWG that provides the debtor with additional due process notifications and opportunities, including, among other things, the opportunity to request a hearing.

Private collection agency (PCA) is a contractor of Fiscal Service under 31 U.S.C. § 3718 that assists Fiscal Service in collecting debt.

Proof of debt (POD) documentation includes, but is not limited to, information necessary to establish the validity and amount of a student loan debt and includes, to the extent applicable, master promissory notes, COD disbursement notices, payment histories, case histories, rehabilitation, repayment records, consolidation agreements, discharge determinations, communications with servicers regarding debts, forbearance or deferment requests, school records, copies of identification cards (e.g., driver's license, passports), disclosure statements, FSA ID records, or other records.

Rehabilitation is a method for a student loan debtor to get out of default by making a certain number of consecutive, on-time payments under a rehabilitation agreement.

Student loan debts are debts that have arisen under Title IV of the Higher Education Act that are held by Education, including Direct Loans, Federal Family Education Loan Program loans held by Education, Perkins Loans held by Education, and Health Education Assistance Loans (HEAL) held by Education that were made pursuant to Public Health Service Act.

Total and permanent disability is defined in 34 CFR 685.102 and is a condition of the student loan debtor when the debtor either: (1) is unable to engage in substantial gainful activity because of a physical or mental impairment that can be expected to result in death or which has lasted or

can be expected to last for at least 60 months; or (2) has been determined to be unemployable by the Department of Veterans Affairs due to a disability.

William D. Ford Federal Direct Loan (Direct Loan) program is a federal student loan program under which individuals borrow directly from Education at participating schools. Direct Loans include Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans.

III. Scope of Servicing Defaulted Student Loan Debts

1. Types of Referrals

For the purposes of this Attachment, the Default Resolution Group will refer to Fiscal Service's Cross-Servicing program federally held student loan debts only if they are in a defaulted status and meet all the referral prerequisites specified in 31 CFR 285.12(i) and the Certification Agreement. The Default Resolution Group will not refer any student loan debts that are subject to continued obligations under a settlement agreement, group discharge, or a judgment, including under *Sweet, et al. v. Department, et al.*, No. 3:19-cv-3674 (N.D. Cal.), *Manriquez, et al. v. Department, et al.*, No. 3:17-cv-7210-SK (N.D. Cal.), or any other cases that become subject to a settlement agreement, group discharge, or a judgement.

2. Timing and Pace of Referrals

Fiscal Service and FSA will work together to determine whether any student loan debts can be immediately referred to Cross-Servicing on a pilot basis. At a staff level, Fiscal Service and the DRG will work together to establish clear roles and responsibilities for any such pilot.

Fiscal Service and the DRG will also work together to develop a plan for the DRG to refer all eligible federally held student loan debts to Cross-Servicing. This plan will take into consideration operational capacities of the DRG and Fiscal Service, including whether Fiscal Service has procured the services of private collection agencies. The DRG will fully support Treasury's efforts to gain familiarity with the defaulted federally held student loan portfolio and the associated servicing requirements. The DRG will refer defaulted student loan debts to the Cross-Servicing program in accordance with this plan.

3. Purpose

Referrals made pursuant to this Attachment are for collection purposes only and do not transfer ownership of the debt from Education to Treasury.

IV. Division of Responsibilities Regarding the Servicing of Defaulted Student Loan Debts:

Fiscal Service, FSA, and the DRG will share collection responsibilities, as generally described in the chart below. At a staff level, Fiscal Service and the DRG will work to identify a detailed workflow to ensure a robust understanding of the roles and responsibilities of each party. To the extent a statutory, regulatory, or policy requirement is not specifically addressed in the below chart or in the more detailed workflow, it remains the FSA's or the Default Resolution Group's responsibility.

Description of Task	Entity with Responsibility
Responsibilities that do not require involuntary collection action	
Establish the existence of a debt under 31 U.S.C. § 3701(b)(1).	Default Resolution Group
Each calendar year, sign a Certification Agreement.	Default Resolution Group
Establish one or more Cross-Servicing Agency Profiles for the collection of student loan debts. A separate profile must be established for debts arising under different laws and/or for which different requirements apply. The Cross-Servicing Agency Profile will indicate what collection activities Fiscal Service may take for the referred debts.	Default Resolution Group
Develop form letters and send written communications to student loan debtors.	Fiscal Service
Conduct appropriate skip tracing activities to ensure that due process and other notices will be delivered appropriately.	Default Resolution Group
Provide debtors with general due process notification and opportunities. Such notifications and opportunities need not address AWG-specific requirements as Fiscal Service will issue a separate NOI letter prior to initiating AWG, but must address all other due process prerequisites (e.g., the fact that the loan is in default, the amount of the debt, the rights the debtor has to dispute or enter into a repayment arrangement, the possibility that the debt will be collected through offset of federal tax and nontax payments and state payments, how interest, penalties, and costs will be assessed, etc.).	Default Resolution Group
Refer eligible and appropriate student loan debts to Cross-Servicing via batch or online client. Upon referral, certify that the debt is valid, delinquent, legally enforceable, there are no bars to collection, and the debtor has been provided with the required due process. Referred debts will include accurate debtor name, address information, and supporting POD documentation.	Default Resolution Group
Recall debts that are no longer appropriately served in the Cross-Servicing program	Default Resolution Group

	Return debts to the Default Resolution Group if the debt is subject to the protections of the automatic stay, has been discharged through bankruptcy, or is otherwise inappropriate for collection (e.g., the debtor has died; the debtor has a total inability to pay, as determined by Fiscal Service policy).	Fiscal Service
	Refer debts, as appropriate, to PCAs.	Fiscal Service
	Intake written or oral disputes and submit those disputes to the SLE for adjudication.	Fiscal Service
	Adjudicate disputes that Fiscal Service sends.	Default Resolution Group
	Advise debtors who believe they may be eligible for forgiveness or have a legal defense to repayment.	Fiscal Service
	Work with the debtor to develop a reasonable and affordable payment plan for the purpose of rehabilitation, consolidation, compromise, or other repayment agreement.	Fiscal Service
	Process, adjudicate, and approve or reject the debtor’s application for rehabilitation. Approve proposed compromises or other repayment agreements when requested.	Default Resolution Group
	Process the payments that debtor makes under the rehabilitation, consolidation, compromise, or other repayment agreement.	Fiscal Service
	Recall the debt if and when the debtor makes the required payments in the required timeframe for rehabilitation or consolidation. Alternatively, inform Fiscal Service if the rehabilitation, consolidation, compromise, or other repayment agreement has been rejected by the SLE.	Default Resolution Group
	Conduct any appropriate credit bureau reporting. Respond to any disputes submitted through e-OSCAR.	Default Resolution Group
	Issue any appropriate refunds.	Default Resolution Group
	Address litigation resulting from student loan collection efforts. Respond to Congressional, media, and FOIA requests, as appropriate.	FSA and Fiscal Service
	Manage incoming payments from debtors, employers, and other payors, whether through the lockbox or other payment channels. Manage incoming payments and collections from employers, whether through the lockbox or other payment channels, including IPAC’ing net collections (i.e., collections minus fees) to FSA.	Fiscal Service
	Pay Fiscal Service fees relating to the costs of its services under this Attachment.	FSA
	Pay Fiscal Service fees relating to the costs of its services under this Attachment.	FSA
Responsibilities that involve involuntary collection action		
	Initiate the AWG process as appropriate and as resources allow, including by attempting to find employer information for referred debtors, such as	Fiscal Service

	through the use of the National Directory of New Hires, and sending NOI letters to the debtors for whom Fiscal Service has employer information.	
	Refer debts to the Treasury Offset Program for collection against all eligible payment types.	Fiscal Service
	Receive hearing requests and forward hearing requests to FSA.	Fiscal Service
	Address other responses to the NOI letter, including requests for repayment agreements.	Fiscal Service
	Provide hearings upon receipt of a hearing request from Fiscal Service. Inform Fiscal Service of the results of a hearing decision and the actions Fiscal Service must take as a result of that decision (e.g., suspension, termination, reduction in percentage to be garnished).	Default Resolution Group
	Process any NOI letters that were mailed but returned undeliverable and determine whether a new NOI letter must be sent or whether collection may continue.	Fiscal Service
	Issue AWG Orders to employers, generally between 31 and 60 days after sending the NOI letter or, if a hearing was requested, generally within 30 days following the date of the hearing decision.	Fiscal Service
	Process any AWG Order mailed but returned undeliverable and take any appropriate next steps, as resources allow.	Fiscal Service
	Follow-up with employers who have failed to comply with an AWG Order, as resources allow. Field and respond to questions from employers who have received AWG Orders.	Fiscal Service
	Receive and process employer certifications but may continue with the AWG process even in the absence of the receipt of an employer certification.	Fiscal Service
	Produce and maintain any required certificate of services, as defined by 34 CFR 34.3, to the extent required. <i>See</i> 34 CFR 34.4(d) and 34.18(d).	Default Resolution Group
	Suspend the AWG process when appropriate, such as because a hearing request was received (whether timely or late) and is pending a hearing decision. Terminate the AWG process when appropriate, such as because the debt has been recalled by or returned to the SLE or because the debtor has demonstrated that they are ineligible for AWG.	Fiscal Service
	Issue notice of intent to commence salary offset through TOP.	Fiscal Service
	Provide hearings upon receipt of a hearing request from Fiscal Service.	Default Resolution Group
	If appropriate, initiate litigation (via a referral to DOJ) against the debtor for nonpayment or against a debtor's employer for non-compliance with an AWG Order.	Fiscal Service

V. Outsourcing and Resources

At its discretion and to the extent allowable by law, Fiscal Service may perform the work specified in this Attachment through its own employees, through the employees or agents of one or more contractors or subcontractors (including PCAs), through agreements with other federal agencies or other components of Treasury, or through the use of one or more financial or fiscal agents.

VI. Modifications

Treasury and Education may agree to make modifications to the terms of this Attachment without the need to modify the IAA, so long as such modifications are in writing and agreed to by authorized representatives of both agencies.